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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 EB-07 /020 W
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DEPT PLEASE PASS EASTERN EUROPEAN DESK FOR AMB. BYRNE; AND
DEPT OF AGRICULTURE/FAS FOR STANLEY BROWN

E.O. 11652: N/A
TAGS: EAGR, CZ
SUBJECT: VISIT BY AGATT IN SOUTHERN BOHEMIA

1. AGATT HAS COMPLETED TWO-DAY TOUR OF SOUTHERN BOHEMIA (ABOUT 100 MILES SOUTHEAST OF PRAGUE) VISITING FOOD PROCESSSING PLANTS, AGRICULTURAL FARMS, AND AGRICULTURAL RELATED ENTERPRISES. TOUR WHICH WAS ARRANGED BY CZECH MINISTRY OF AGRICULTURE AND FOOD COVER TWO CZECH DISTRICTS - CESKE BUDEJOVICE AND JINDR. HRADEC - TYPICAL OF MANY DISTRICTS IN CZECHOSLOVAKIA (SO TOLD). FOLLOWING ARE MAJOR IMPRESSIONS GAINED DURING TRIP.

2. THERE IS STRONG DRIVE TO EXPAND FOOD PRODUCTION. SCALE OF OPERATIONS IS LARGE USING UP-TO-DATE TECHNOLOGY. LIKEWISE THERE IS STRONG PUSH TO SELL MORE FOOD ABROAD PARTICULARLY IN WEST.

3. FOOD PROCESSING PLANTS AT PLANA N.L. (MEAT AND MILK PRODUCTS) DEMONSTRATED THAT CZECHOSLOVAK FOOD INDUSTRY CAPABLE PRODUCING HIGHOG GY FOODS. HOWEVER, MANY PRODUCTS NEVER REWJ DOMESTIC MARKETS. DRIVE TO EXPAND EXPORT MARKETS IS OBVIOUS. MEAT PROCESSING PLANT IN PLANA CONCENTRATES PRODUCTION ON CANNED HAM FOR U.S. MARKET. THE MILK PROCESSING PLANT ALSO IN PLANA PRODUCES EMMENTHALER AND PROCESSED CHEESES FOR ITALIAN AND WEST GERMAN MARKETS.
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4. RECENT YEARS WITNESSED EXPANSION OF SCALE OF OPERATIONS IN AGRICULTURE. PRESENT AVERAGE SIZE COLLECTIVE FARM OF 2,400 HECTARES CONSIDERED TOO SMALL TO OPEATE EFFICIENTLY CERTAIN SECTORS IN AGRICULTUE. FOR THIS REASON SEVERAL FARMS (ABOUT 15) ARE FORMING JOINT ENTERPRISES TO TAKE ADVANTAGE LARGE SCALE. STATE ENCOURAGES SUCH VENTURES AND CONTRIBUTES UP TO 50 PERCENT INITIAL INVESTMENT.

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SEVERAL THESE LARGE ENTERPRISES WERE VISITED DURING TOUR. IT
COVERED TWO LIVESTOCK PRODUCTION OPERATIONS WITH EMPHASIS ON HOGS
(30,000 TO 40,000 HEADS A YEAR), A JOINT VENTURE FOR FERTILIZER AND
PLANT PROTECTIVE CHEMICAL SERVICES (COVERIN AN AREA OF 36,000
HECTARES) AND JOINT OPERATION OF A CHEMICAL LABORATORY.

5. THE TRIP ALSO INCLUDED A VISIT TO A COMPUTER CENTER. TO AID
INDIVIDUAL FARMS IN THEIR DECISION MAKING, THE FEDERAL MINISTRY OF
AGRICULTURE OPERATES A COMPUTER CENTER IN JINDR. HRADEC. THE
LARGER UNIT USES THIRD GENERATION SOVIET COMPUTERS CAPABLE PERFORMING
100,000 OPERATION PER SECOND. EVERYTHING IS SOVIET-MADE EXCEPT
TAPES. THESE COME FROM U.S. (SCOTCH). THE SMALLER UNIT USES ALL
CZECHOSLOVAK COMPUTERS CAPABLE PERFORMING UP TO 15,000 OPERATIONS
PER SECOND. SERVICES ARE AVAILABLE TO ALL FARMS IN THREE ADJACENT
DISTRICTS (ABOUT 45 FARMS).

6. THE TWO DAY TOUR OF SOUTHER BOHEMIA WAS WELL ORGANIZED AND
COVERED PRACTICALLY ALL ASPECTS OF CZECHOSLOVAK FOOD INDUSTRY FROM
FARM PRODUCTION TO STAGE OF PROCESSING AND PACKING OF MEAT AND
DIARY PRODUCTS. THE AREA IS RICH IN LIVESTOCK BUT RELATIVELY POOR
IN GRAIN. LARGE SCALE OPERATIONS WERE OBVIOUS AND IMPRESSIVE
EVERWHERE. RECENT TRENDS FOR FORMING JOINT LARGE-SCALE PRODUCTION
AND SERVICE UNITS INDICATE THAT DAYS OF 2,400 HECTARE SIZE COLLECTIVE
FARMS ARE NUMBERED. FEWER AND LARGER UNITS ARE EXPECTED IN THE
FUTURE. IT WILL REQUIRE STILL LARGER AND HIGHER CAPACITY
AGRICULTURAL MACHINERY AND INSTALLATIONS WHICH AT PRESENT ARE NOT
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READILY AVAILABLE WITHIN CEMA. THE CONTINUED EMPHASIS ON THE
EXPANSION OF HOG PRODUCTION AUGURS WELL FOR GROWING DEMAND FOR SOYBEA
N
OILMEALS FROM THE U.S. AND BRAZIL. MEEHAN

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